



13 April 2017

BS/WG/BF/R (2017)1

**REPORT OF THE
MEETING OF THE BSEC WORKING GROUP
ON BANKING AND FINANCE**

BSEC Headquarters, 13 April 2017

1. The Meeting of the BSEC Working Group on Banking and Finance was held at the BSEC Headquarters on 13 April 2017.
2. The Meeting was chaired by H.E. Ambassador Ms. Serap ÖZCOŞKUN, Special Representative of the Turkish Chairmanship-in-Office, Ministry of Foreign Affairs of the Republic of Turkey.
3. The Meeting was attended by the following BSEC Member States:

Republic of Armenia
Republic of Azerbaijan
Republic of Bulgaria
Romania
Republic of Serbia
Republic of Turkey
Ukraine
4. The following BSEC Observer attended the Meeting:

United States of America
5. The President and Chief Executive Officer (CEO) of the Toronto Centre for Global Leadership in Financial Supervision (Toronto Centre) participated in the meeting as a Special Guest.
6. The List of Participants in the Meeting is attached as **Annex I**.

AGENDA ITEM 1: ADOPTION OF THE AGENDA

7. The Draft Agenda of the Meeting was discussed and adopted. The Agenda, as adopted, is attached as **Annex II**.

AGENDA ITEM 2: STATUS OF IMPLEMENTATION OF RESOLUTIONS, DECISIONS AND RECOMMENDATIONS OF THE COUNCIL OF MINISTERS OF FOREIGN AFFAIRS RELATED TO BANKING AND FINANCE

8. The BSEC PERMIS representative informed on the state of implementation of the Resolutions, Decisions and Recommendations of the 15th BSEC Council of Ministers of Foreign Affairs (Moscow, 1 November 2006), the 16th BSEC Council (Belgrade, 19 April 2007) and the 33rd Meeting of the BSEC Council (Bucharest, 11 December 2015).

9. The participants took note of the information provided by the BSEC PERMIS and expressed their commitment to take necessary measures in order to secure proper implementation of the Resolutions, Decisions and Recommendations of the Council.

10. The Member States were invited by the BSEC PERMIS to consider the possibility to assume the role of Country-Coordinator of the Working Group for the next period of two years 2018-2019, as the term of the current Country-Coordinator (Republic of Turkey) comes to an end on 31 December 2017.

11. The BSEC PERMIS also invited the Member States to update the list of representatives to the Working Group on a long term basis. The Member States, which have not appointed their representatives yet were kindly invited to do so, informing the BSEC PERMIS accordingly. The current list of representatives of the Member States to the Working Group on Banking and Finance is attached as **Annex III**.

AGENDA ITEM 3: REVIEW OF THE RECENT DEVELOPMENTS IN THE BANKING AND FINANCE SECTORS IN THE BSEC MEMBER STATES (ANTI-CRISIS MEASURES, REFORM POLICIES AND AGREEMENTS CONCLUDED OR UNDER DISCUSSION)

12. The Working Group took note of the information provided by the BSEC PERMIS and expressed their views on the importance of exchange of information and experience between the BSEC Member States in the relevant area.

13. Presentations were made by the representatives of the Republic of Turkey and the Republic of Serbia. The presentations provided the participants with the information on actions undertaken in the above mentioned areas since the beginning of 2016, as well as on the reform policies and recent developments and activities in macroeconomics and banking spheres in the respective countries.

14. The Working Group agreed to the usefulness of the above discussions and exchange of information.

AGENDA ITEM 4: CONSIDERATION OF THE DRAFT PLAN OF ACTION OF THE WORKING GROUP ON BANKING AND FINANCE FOR THE PERIOD 2016-2017

15. The Working Group discussed, amended and adopted the Plan of Action of the Working Group on Banking and Finance for 2016-2017 proposed by the Republic of Turkey as the Country-Coordinator of the Working Group for the same period. The text of the Plan of Action is attached as **Annex IV**.

AGENDA ITEM 5: ESTABLISHMENT OF A BSEC MECHANISM TO COMBAT TAX EVASION

16. The Working Group took note of the background information provided by the representative of BSEC PERMIS on the issue of the establishment of a BSEC mechanism to combat tax evasion.

17. The Working Group further discussed the issue and invited the Member States, who have not yet done so, to send their views and comments on the updated version of the “Concept Paper on Elaborating a Mechanism of Interaction and Cooperation among the BSEC Member States on Combating Tax Evasion” by 15 May 2017. The Concept Paper is attached as **Annex V**.

18. The Working Group also renewed its invitation to Romania to submit, taking into account also the views and comments of the Member States on the issue, the Project Proposal on “Elaborating a Mechanism of Interaction and Cooperation among the BSEC Member States on Combating Tax Evasion”, for discussion at the next Meeting of the Working Group.

AGENDA ITEM 6: DISCUSSION ON THE POSSIBILITY TO ESTABLISH A UNION/ASSOCIATION OF THE BANKS OF THE BSEC MEMBER STATES

19. The Working Group took note of the information on this item provided by the representative of BSEC PERMIS. Considering that no proposals and views were received up to this date from the national banking associations of the BSEC Member States and, taking into account the readiness of the Black Sea Trade and Development Bank (BSTDB), expressed during previous Meetings of the Working Group, to co-organize a BSEC Forum for Cooperation on Banking Matters, participants invited the incoming BSEC Chairmanship-in-Office to explore the possibility to coordinate together with the BSTDB and the Country-Coordinator the organization of a Forum which can serve, *inter alia*, as a platform for discussion by the representatives of commercial banks and national banking associations/unions of the Member States regarding the scope of activities of a union/association of banks of the BSEC Member States.

AGENDA ITEM 7: COOPERATION WITH THE INTERNATIONAL ORGANIZATIONS IN THE SPHERE OF BANKING AND FINANCE

20. Invited by the BSEC PERMIS as a Special Guest, Mr. Babak ABBASZADEH, President and CEO of the Toronto Centre, made a presentation on the “Capacity Building Ideas/Discussion: The Black Sea Region & Toronto Centre”. The said presentation is attached as **Annex VI**.

21. The presentation focused on the activities of the Toronto Centre and services it provides as well as on the possible ways of cooperation between the BSEC and the Toronto Center.

22. Mr. ABBASZADEH’s presentation was followed by a round table discussion and Q&A session.

23. During the discussions, participants exchanged various ideas aiming at establishing cooperation between BSEC and the Toronto Centre. The Working Group positively considered the idea of organizing a training program at the BSEC Headquarters for representatives of the BSEC Member States, in collaboration with the Toronto Centre.

24. The Working Group invited the Member States to forward any proposals on the possible areas the cooperation with the Toronto Centre could focus upon. The proposals are expected to reach the BSEC PERMIS before 15 July 2017.

25. The Toronto Centre was also requested to prepare any proposal for the most appropriate pilot program for collective training of the BSEC Member States' representatives and forward it to the BSEC PERMIS at its earliest convenience.

AGENDA ITEM 8: ANY OTHER BUSINESS

26. No issue was raised under this agenda item.

AGENDA ITEM 9: ADOPTION OF THE REPORT OF THE MEETING

27. The Working Group adopted the present Report for its submission to the Committee of Senior Officials and the Council of Ministers of Foreign Affairs for their consideration.